



State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

VIA E-MAIL ONLY

May 25, 2021

Dr. Christy Valentine, CEO
Healthy Blue
10000 Perkins Rowe Suite G-510
Baton Rouge, LA 70810

RE: Notice of Monetary Penalty – Failure to Reprocess Claims Timely

Dear Dr. Valentine:

By Notice of Action dated March 26, 2021, Healthy Blue (HBL) was notified of errors made in adjudicating claims and reprocessing claims in a timely manner and placed on notice that additional instances of these errors could result in monetary penalties. HBL has again made errors adjudicating claims and is not in compliance with its contract with the Louisiana Department of Health (LDH) which provides:

17.2.4 Claims Reprocessing

17.2.4.1 If the MCO or LDH or its subcontractors discover errors made by the MCO when a claim was adjudicated, the MCO shall make corrections and reprocess the claim within thirty (30) calendar days of discovery, or if circumstances exist that prevent the MCO from meeting this time frame, a specified date shall be approved by LDH. The MCO shall automatically recycle all impacted claims for all providers and shall not require the provider to resubmit the impacted claims.

On November 9, 2020, claims processor Medtron Software (MS) met with HBL because HBL was incorrectly applying a 3.4% reduction when reimbursing for maternity anesthesia claims. In that meeting, HBL provided guidance to MS for submitting an internal claims dispute. After making several additional attempts to get the issue resolved through engaging in various actions and communication attempts with HBL, including filing a formal dispute, requests for reconsiderations, multiple telephone calls, multiple follow-up telephone calls and emails to a field representative and in-person meetings with field representatives, but receiving no resolution, MS again reported the incorrectly paid anesthesia claims to HBL on January 27, 2021. On that day, a HBL associate submitted an

internal claims dispute on behalf of MS, after which HBL upheld its payments that erroneously applied the 3.4% reduction.

On March 30, 2021, after receiving a complaint filed with Provider Relations, LDH contacted HBL by email to ascertain why an inappropriate reduction was applied to the claims. In response, on March 31, 2021, HBL confirmed that the failure to pay the claims correctly was an employee's error due to the misinterpretation of Health Plan Advisory (HPA) 16-19. HBL indicated that no additional complaints or escalations were received from other providers to indicate the possibility of a global configuration issue or error that would have prompted outreach to LDH for clarification. HBL cannot rely on additional complaints or escalations from other providers before actively researching configuration issues and determining whether outreach to LDH for clarification of an HPA or policy is needed. On March 31, 2021, LDH requested that HBL provide and expedited resolution to the payment issue and also requested information from HBL regarding the number of impacted claims and providers.

On April 6, 2021, HBL responded that staff had researched and confirmed the error, and corrected the error in its claim payment system. HBL also responded that staff had posted and distributed a provider notice to address the issue. HBL reported on April 13, 2021, the 245 claims for MS providers were prioritized and had been reprocessed. The claims were paid at an additional \$2,684.70, plus \$188.33 in interest.

Despite a previous indication that no other providers were impacted by this error, HBL reported on April 13, 2021, that staff discovered 513 claims for other providers that were adjudicated erroneously that would require reprocessing. On April 16, 2021, HBL confirmed that, in total, Healthy Blue reprocessed 758 claims for this claim payment issue, totaling \$10,468.82, plus \$453.13 in interest. The error impacted a total of 46 provider groups. Per its contract with LDH, HBL should have reprocessed the claims 30 days after discovering the system error. All impacted claims were not reprocessed until 128 days after discovering the error.

In addition to HBL's failure to reprocess claims timely, HBL failed to put measures in place to ensure its contractual obligations with regards to appropriately training staff regarding claims payment were met. HBL must ensure its claims processing staff timely and accurately process original claims in accordance with LDH's requirements. The contract provides:

4.6 Staff Training and Meeting Attendance

4.6.1 The MCO shall ensure that all staff members including sub-contractors have appropriate training, education, experience and orientation to fulfill their requirements of the position. LDH may require additional staffing for an MCO that has substantially failed

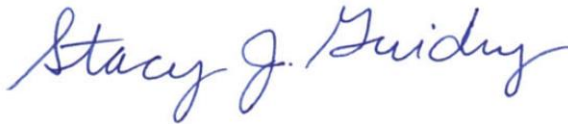
to maintain compliance with any provision of the contract and/or LDH policies.

4.6.2 The MCO must provide initial and ongoing staff training that includes an overview of LDH, LDH Policy and Procedure Manuals, and Contract and state and federal requirements specific to individual job functions. The MCO shall ensure that all staff members having contact with members or providers receive initial and ongoing training with regard to the appropriate identification and handling of quality of care/service concerns.

Failure to adhere to the contract requirements cited herein warrants the assessment of a monetary penalty per occurrence per calendar day of non-compliance of \$5,000, as outlined in the contract between HBL and LDH. Due to this instance being a repeat violation and due to the duration of the non-compliance and its impact, a total penalty in the amount of \$640,000 will be retained from the next monthly capitation payment made to HBL. LDH has opted not to assess an additional penalty for the failure to provide adequate training to staff. Should HBL in the future fail to reprocess claims timely, penalties may be assessed for each occurrence each day of HBL's non-compliance.

Should you have any questions, please do not hesitate to contact me.

Sincerely,



Stacy Guidry

Section Chief, Medicaid Program Operations and Compliance

SG/lj

cc: Michael Boutte
Tara LeBlanc
Whitney Martinez
Marisa Naquin
Kim Sullivan
Christina Wilson
File: HBL2-42